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EXEC. REG. _____

17 July 1967

MEMORANDUM FOR THE RECORD

SUBJECT: New Fringe Benefits for U.S. Citizen Contract Employees

1. A meeting was held today to elaborate on the ruling effective 1 July 1967, which enables U.S. Citizen Contract employees coverage under the Civil Service Retirement System, Federal Group Life Insurance (FGLI), and Federal Health Benefits. Attached are the Agency's guidelines for administering the new benefits.

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2. Mr. [REDACTED] Chief of Contract Personnel Division, stressed several points.

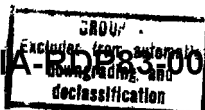
- a. The contemplated duration of a contract must exceed one year.
- b. New contracts will be required.
- c. The individual may not select a partial package - if he wants CSRS, he may not keep Contract ~~Life Insurance~~ Health benefits. If he does not wish FGLI, he may waive the coverage but should he later change his mind he must wait one full year to apply for the insurance again. If he does not want the Federal Health benefits, he need not sign up for the program - however, should he later have a change of heart, he must wait for an open period to apply for the benefits. At the time the new contract is written to include the new fringe benefits, the employee's ~~Contract Life Insurance~~ and Contract Health Insurance ~~are~~ cancelled.
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- d. An "intermittent" contractor is not eligible for inclusion in the new benefits. However, if the contractor actually works part-time on a regularly scheduled tour of duty, he may have the benefits.

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3. [REDACTED] questions concerning creditability of prior service for CSRS, effective date of new contracts, later changes to new contracts, and sample clauses were answered as follows:

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- a. Contract service since 1 January 1955 (the date the Social Security law was amended to mandatorily cover Federal Government contract employees) is not creditable for Civil Service Retirement purposes. The individual may not deposit money and thereby make the service creditable - no dual coverage. Contract service prior to 31 December 1954 is creditable for CSRS.
- b. A contract employee who wishes to do so may complete enough service under Social Security to qualify for benefits before having a new contract which includes the new fringe benefits. The new contract may be written when administratively convenient.
- c. The effective date of the new benefits is the date the new contract is signed. The contracts may not be retroactive to 1 July 1967.
- d. Contract Personnel Division will provide us with sample contracts for both [REDACTED] STATSPEC

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4. Because [REDACTED] contract employees work for the Department of Commerce, they may not sign new contracts until this program is practiced Government-wide. This will not occur until the Civil Service Commission issues instructions (an FPM Supplement).

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Chief, Administrative Staff, [REDACTED]

Attachment

[REDACTED] 25X1A

Distribution:

Orig - Exec. File

1 - Reading File

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CC: [REDACTED]

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